

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: kerchris@comcast.net
Sent: Mon 3/30/2015 1:25:49 AM
RFS Rule Change **Ex. 5 - Deliberative**

<div></div>

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: EthanolRFA@aol.com
Sent: Thur 11/20/2014 5:47:12 PM
Subject: Re: RVO Rumor we discussed ...

He writes for Informa Economics. I've generally found his reporting on ethanol issues to be consistently wrong, but he's an amiable bloke. He is very closely followed amongst the ag community. Informa knows grain markets and policy quite well.

In a message dated 11/20/2014 12:44:48 P.M. Eastern Standard Time, grundler.christopher@epa.gov writes:

Thx. Who is this guy?

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. Environmental Protection Agency
202.564.1682 (DC)
734.214.4207 (Ann Arbor)
www.epa.gov/otaq

From:

Chris:

At the risk of some copyright violation, I thought you should see this. In this weird period when nothing is coming from the White House, this is the kind of rumor that begins to get legs. I just don't see how this would work though, and his description of the RVP issue is so convoluted it just doesn't make sense. But, again, I thought you should see it. Thanks for the call this morning. We'll keep in touch.

Bob

Sources: RFS Situation Still Uncertain, But More 'Options' Surfacing

By: Jim Wiesemeyer, via special agreement with Informa Economics, Inc.

November 19, 2014

Some now suggest there may be no 2014 RFS mandate established

As the extended wait continues for the final 2014 Renewable Fuels Standard (RFS) plan from EPA, sources are signaling some new developments are potentially coming for 2014 and beyond.

No RFS for 2014? Some sources are now suggesting that there may not be a final RFS level set for 2014, but instead the RFS level for the nearly finished year would be determined based on production of RINs logged into the EPA Moderated Transaction System (EMTS), the system that keeps track of RINs from producers, blenders and obligated parties.

2015 details to be set in early 2015. EPA has already signaled they will not be meeting the Nov. 30, 2014, deadline to propose the 2015 RFS standards. But contacts advise that the agency is now expected to finalize the 2015 RFS volume totals early next year and that could match closer to the approximate levels that we have been hearing for the 2014 levels, with some adjustment for carryover RINs for ethanol in particular.

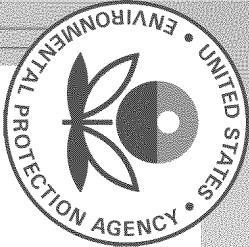
Beyond 2015. Some sources are now indicating that the administration could be mulling a considerable reset of the RFS for 2016 and beyond (through 2022), with an objective of still getting corn-based ethanol to the 15 billion gallon mark that is spelled out in law that was to have been hit in 2015.

RVP issue. In addition, sources advise that USDA Secretary Vilsack has weighed in relative to the issue of Reid Vapor Pressure. Sources indicate Vilsack has been advocating increasing the RVP during the summer months of May 1 to Sept. 30.

EPA set the RVP standard at 9.0 psi for designated volatility attainment areas and the RVP standard at 7.8 psi for certain designated volatility nonattainment areas. The 9.0 psi standard applies to conventional gasoline in all other areas of the lower 48 states not covered by either the 7.8 psi federal volatility requirement or an EPA approved SIP (State Implementation Plan) fuel.

Comments: A host of possibilities now appear to be surfacing as 2014 winds down without the 2014 requirements being finalized. As recent as October, OMB Director Shaun Donovan told a *Reuters* Global Climate Change Summit that his office was still "carefully" weighing the final targets to ensure they produce the "intended results." It's not clear if that OMB review is what has produced these potential developments. In addition, the indications on the plans for 2016 and beyond may be referring to what several sources have signaled will be key for the RFS in those years – that EPA may retool the process for setting the RFS levels.

As for the RVP issue, that would be a potentially surprising issue since EPA has in recent years only adjusted the RVP from the previously established levels in nonattainment areas on an emergency basis or to address a specific event such as a hurricane or refiner outage. However, the Clean Air Act appears to give leeway for EPA to set an RVP above 9.0 which appears to be what may be at issue.



Office of Transportation and Air Quality

ALL ABOUT OTAQ:

Our Organization
Our Legacy of Success
Our Strategic Priorities
Our Lab

June 26, 2014

Briefing for

Betsy Shaw – Deputy Assistant Administrator
Office of Air and Radiation, U.S. EPA



OTAQ Organization

June 2014

Christopher Grundler, Office Director
Lee Cook, Associate Office Director
Benjamin Hengst, Associate Office Director
Tracey Bradish, Chief of Staff
Amy Caldwell, Centralized Services Center
Mike Haley, Planning and Budget Office

Assessment and Standards Division

Bill Chambley, Director
Kathryn Sargeant, DD
Ines Skornok, AD

Air Quality and Modeling Center

Ed Nam

Data and Testing Center

Angela Cullen

Fuels Center

Paul Macchella

Health Effects, Benefits and Toxics Center

Marion Hoyer

Heavy-Duty Onroad and Nonroad Center

Matthew Spears

Large Marine and Aviation Center

Mike Samulski

Light-Duty Vehicles and Small Engines Center

Mike Olechew

Compliance Division

Byron Burkler, Director
Mary Manners, DD
Janet Cohen, AD

Data Analysis and Information Center

Sara Zeremski

Diesel Engine Compliance Center

Justin Greuel

Fuels Compliance Center

John Weitrauch

Gasoline Engine Compliance Center

Che Jackson

Light-Duty Vehicle Center

Linc Wainry

Testing and Advanced Technology Division

David Haugen, Director
Matt Brusstar, DD
Erica Watkins, AD

Advanced Testing Center

Maria Peralla

Engine Testing Center

Sterling Imfield

Fuels/Chemistry Center

Bruce Kolowich

Information Management Center

Fidel Galano

National Center for Advanced Technology

Dan Barba

Testing Services Center

Brian Nelson

Vehicle Testing Center

John Speith

Transportation and Climate Division

Karl Simon, Director
Gay MacGregor, DD (Acting)
Elizabeth Etchells, AD (Acting)

Climate Analysis and Strategies Center

Lisa Snapp

Climate Economics and Modeling Center

Shayn Lie

Legacy Fleet Incentives and Assessment Center

Jennifer Keller

SmartWay and Supply Chain Programs Center

Cheryl Bynum

State Measures and Transportation Planning Center

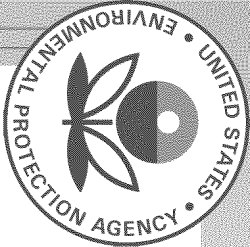
Mark Simons (Acting)

Technology Assessment Center

Dennis Johnson

DD = Deputy Division Director

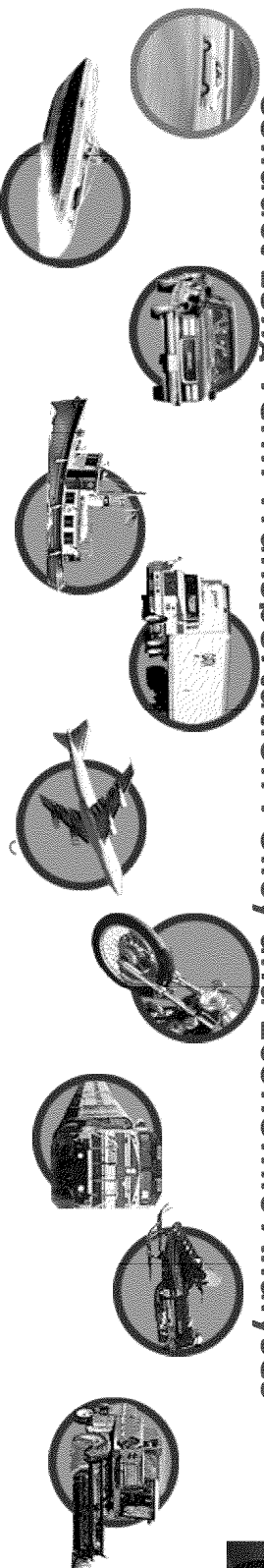
AD = Associate Assistant Division Director

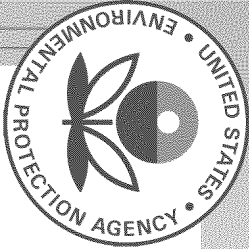


Office of Transportation and Air Quality

Mission: Reconciling transportation and the environment *Cleaner Vehicles—Cleaner Fuels—Transport Efficiency*

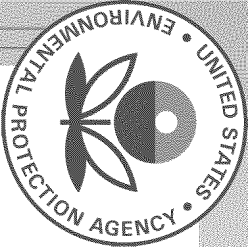
- Establish national emissions standards (vehicles, engines, fuels)
 - Emissions research and modeling
- Ensure compliance with standards through certification and testing
- Implement CAFÉ program, including new vehicle fuel economy labels
- Support State and Regional Air Quality and Transportation Planning
- Reduce emissions from in-use legacy fleets and goods movement (DERA and SmartWay Partnerships)
- Conduct Long Term Transportation Policy and Economic Analyses





Vision for OTAQ

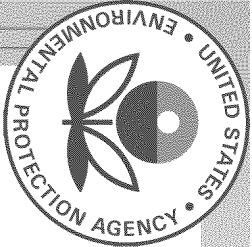
To be, and be recognized as, a leading source of information and solutions addressing transportation and the environment



Our Legacy of Success

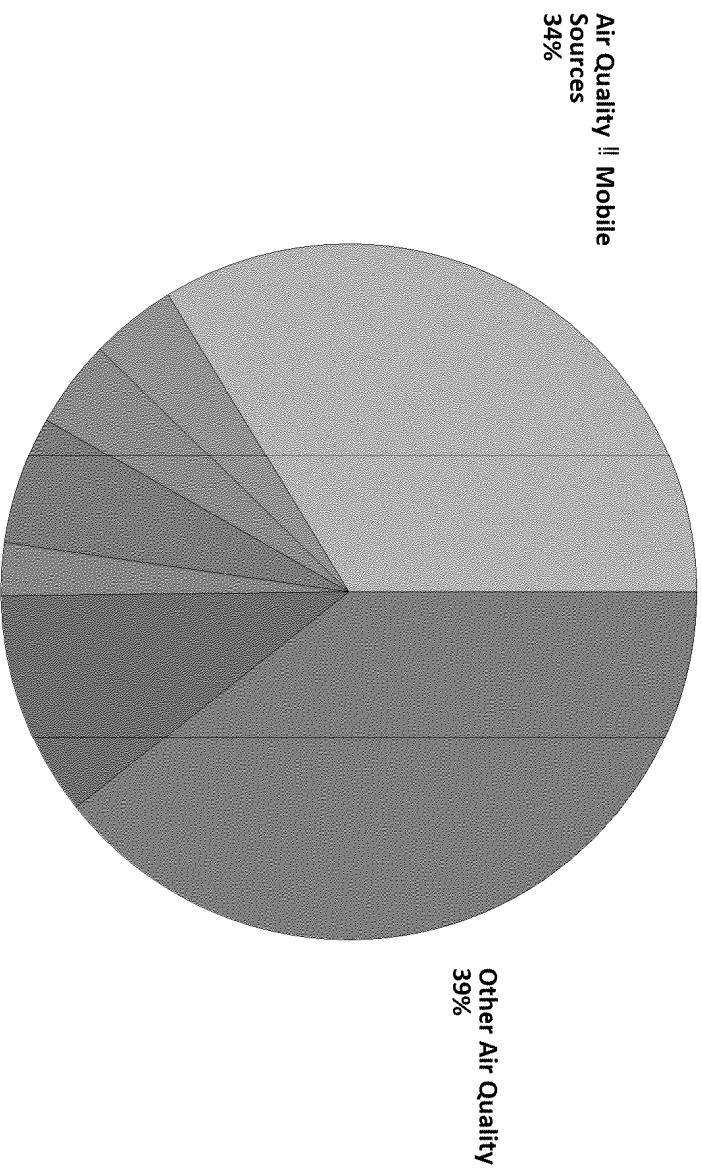
Together, we have built an organization of the highest caliber, with a world-class laboratory and a deep reservoir of technical and policy knowledge. With these resources as our foundation we will continue to...

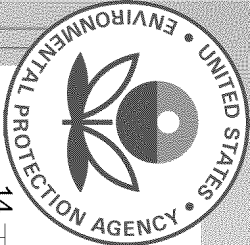
- Lead the nation by building upon our GHG standards that will save money, increase energy security, and help address climate change.
- Reduce air pollutants and toxics from vehicles and fuels.
- Sustain our partnerships with NGOs, state and local groups, and industry to promote and enhance out regulatory and non-regulatory work.



OTAQ Rules Responsible for 34% of Benefits Derived from All Major Federal Rules (2000 - 2011)

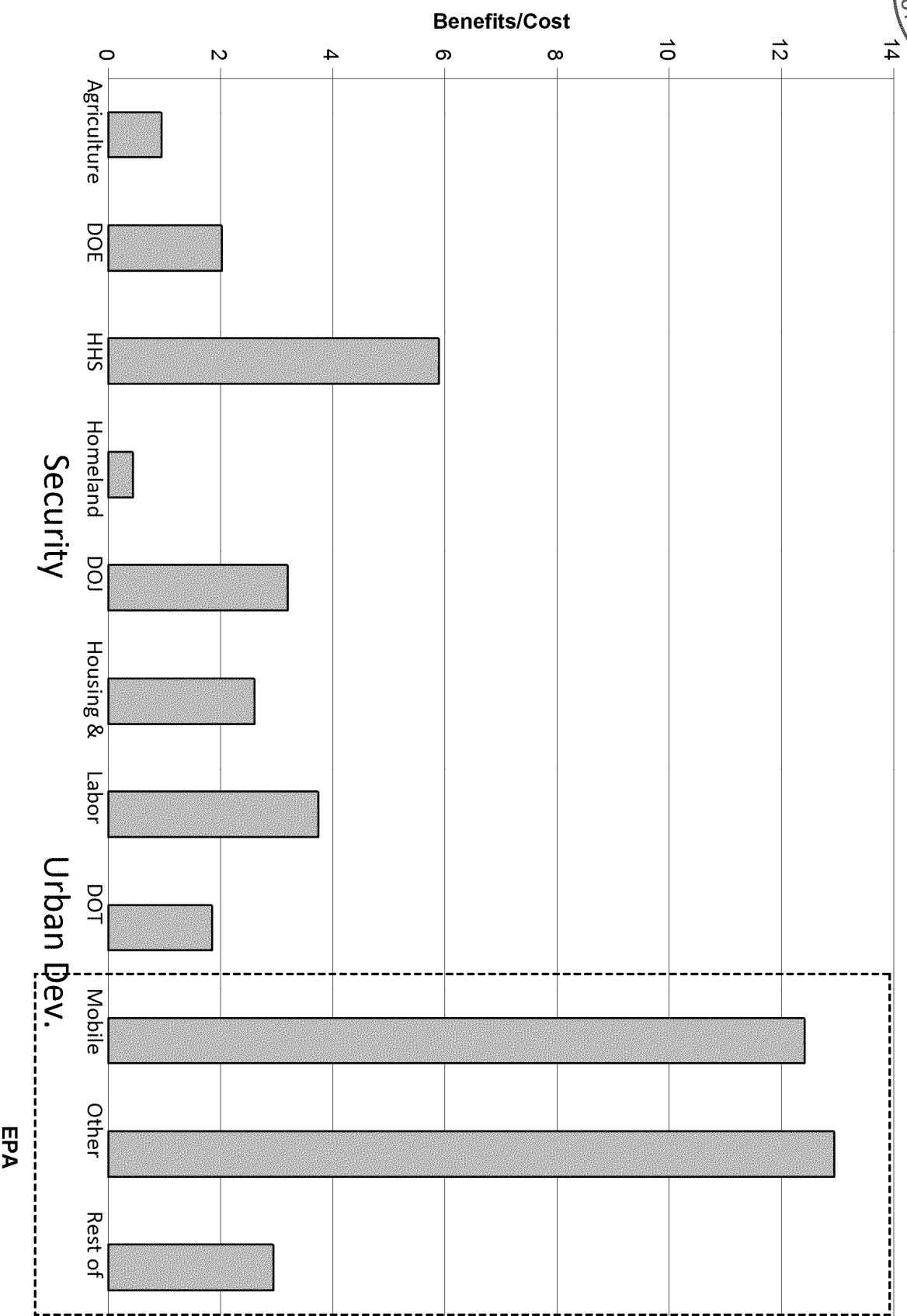
Based on Midpoint of OMB Estimated Annualized Benefits Range



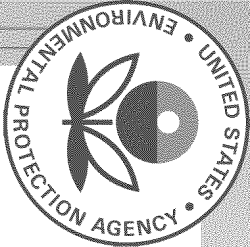


A Measure of Effectiveness: Benefit to Cost Ratio of Major Federal Rules by Agency (2000 - 2011)

Based on Midpoint of OMB Estimated Annualized Cost and Benefit Ranges

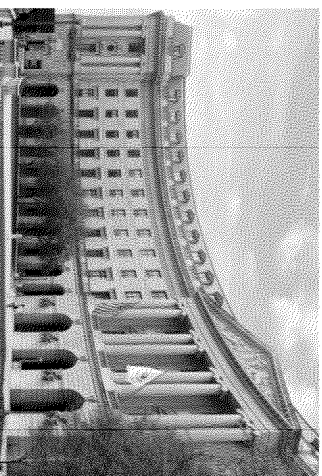


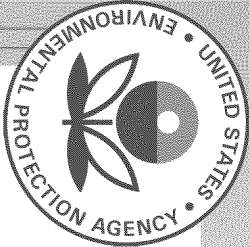
Sources: "Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities", Office of Management and Budget, 2001-2012 Reports cited (http://www.whitehouse.gov/omb/inforeg/regpol-reports_congress.html)



OTAQ Strategic Planning

- Instituted a new strategic budget and program planning process, one in which we allocate resources methodically and with involvement across all the divisions.
- We do not have a “do more with less” mindset; our decisions are informed by this plan and our priorities.
- We have already made changes in the annual budget process, including getting more input from managers on priorities and resources.





Purpose of our Strategic Goals

- Ensure that staff can see how their work fits into the OTAQ mission
- Guide choices as we work to bring goals to fruition for the American people.
- Support us in developing a budget that aligns our work to our resources.
- Encourage input and evolution in goals and priorities over time.

Strategic Goal #1

Deliver on the Promise of Our Clean Air and Climate Rules

Ensure effective compliance and implementation of national emission standards and pollution control programs for criteria pollutants and greenhouse gases to achieve the emission reductions promised to the public.

Achieving the Goal:

- Shift personnel resources into our compliance programs.
- Employ a risk-based compliance strategy, to target limited resources where they matter most.
- Pursue IT investments in compliance to increase the efficiency.
- Ensure our facilities get the attention they need and that our testing programs are delivering.
- Create and sustain strategic compliance partnerships: California, Canada, China

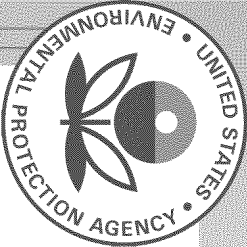
Strategic Goal #2

Continue To Develop Cost-Effective Standards and Policies to Reduce Air Pollution From Mobile Sources

Assess and develop both regulatory and non-regulatory control strategies to further reduce emissions of GHGs and criteria pollutants from the transportation sector while supporting the U.S. economy.

Achieving the Goal:

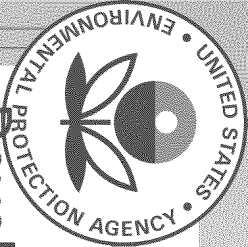
- Focus on the following regulation agenda for the next 24 months:
 - Proposing the heavy-duty phase 2 GHG regulations;
 - Preparing for the light-duty vehicle GHG Mid-term Technology Evaluations
 - Protecting the marine/Emission Control Area standards
 - Finalizing the new MOVES emissions inventory model
 - Continuing the regulatory work needed to implement the Renewable Fuel Standard program
- Invest in research, data and models, with an emphasis on emerging scientific issues such as near roadway emission impacts and health effects.



Strategic Goal #3

Engage On Place-Specific Persistent Challenges

- ~~OTAC~~ ~~living~~ ~~the~~ ~~goal~~ develop strategies under our regulatory and voluntary programs to benefit local areas and stop with the goal that ~~and~~ ~~existence~~ disproportionate levels of transportation-related pollution, often from legacy fleets.
- Focus on programs and tools in places where we can achieve the greatest risk reduction, including marine ports and the communities that surround them.
 - Continue our national conversation on Ports, and furthering supply chain efficiencies to reduce the emission and climate impacts of freight.
 - Provide communities the best tools available, including the upcoming release of our MOVES model.



Strategic Goal #4

Develop a Long Term Transportation Fuels Strategy

Create and implement longer term strategies to streamline both the conventional fuel programs and the renewable fuel standards (RFS) to put OTAQ and the regulated community on a sustainable, environment-driven path in the future.

Achieving the Goal:

- Strive to put the RFS program on a manageable trajectory, both from a policy perspective and from an implementation perspective.
- Develop strategies that streamline and consolidate requirements, and bring our fuel program's regulatory requirements up to speed with today's current market.

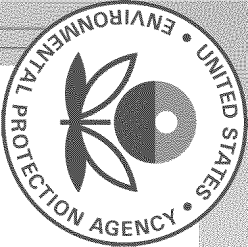
Strategic Goal #5

Focus On Our Workforce

People are our greatest asset. High quality management of our human resources needs to be a focus, not an afterthought. OTAQ will continue to work to attract, motivate, develop and retain the best people; and continue to be a great place to work, with opportunities for growth and development.

Accomplishing the Goal:

- Strengthen management in OTAQ by focusing on a set of management competencies to measure and develop managers' performance
- Ensure that our budget supports our workforce, starting with a commitment to make sure that training funding and IT are prioritized in the OTAQ budget.
- Continue to review and strengthen our management controls exhibiting best practices
- Develop and deploy an internal performance measurement system for both management competencies and programmatic results



OTAQ's Performance Measures System

Purpose:

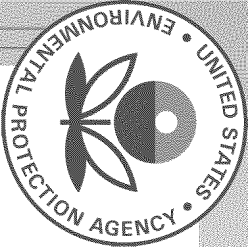
- Management tool for establishing, tracking and reporting performance measures

Goals:

- Obtain a high level update of OTAQ's progress towards meeting our commitments
- Receive an early signal when critical milestones are missed, or troubling trends evolve
- Reinforce accountability at the highest level in Division leadership
- Help staff identify how his/her work fits into OTAQ's overall goals and workplans

Key Messages:

- For this management tool to be effective, the effort must be meaningful and useful to the Divisions
- This means the measures and targets will actually be used throughout the Division's leadership chain to manage our workload, resources and people, as well as contribute to OTAQ's overall goals



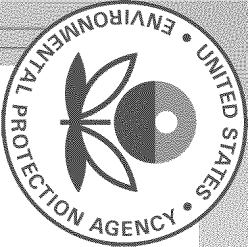
OTAQ's Performance Measures System

2014 Process:

Divisions created annual commitments under the five OTAQ Strategic Goals, then set quarterly milestones for each commitment and reported out against those targets in their quarterly reports. Divisions were allowed flexibility on how they transmitted information in the quarterly reports and were not restricted to a standardized template (although templates were developed for use).

Lessons Learned:

- Measures should be meaningful enough to capture both OTAQ goals and Division objectives, and can be used by the leadership to report up and manage down
- While measures should align with strategic goals overall, there is a need to capture measures beyond just outputs in order to truly determine whether we are on the right track
- More guidance and early planning should be provided to help Divisions develop the right measures & targets
- Standardized template is a necessity for consistent reporting and ability to identify overall trends & progress



OTAQ's Performance Measures System

2015 Approach:

- Apply lessons learned from 2014 process
- Launch early,
- Provide clear guidance to help Divisions evaluate their existing measures, define target thresholds and determine alignment with the Office goals

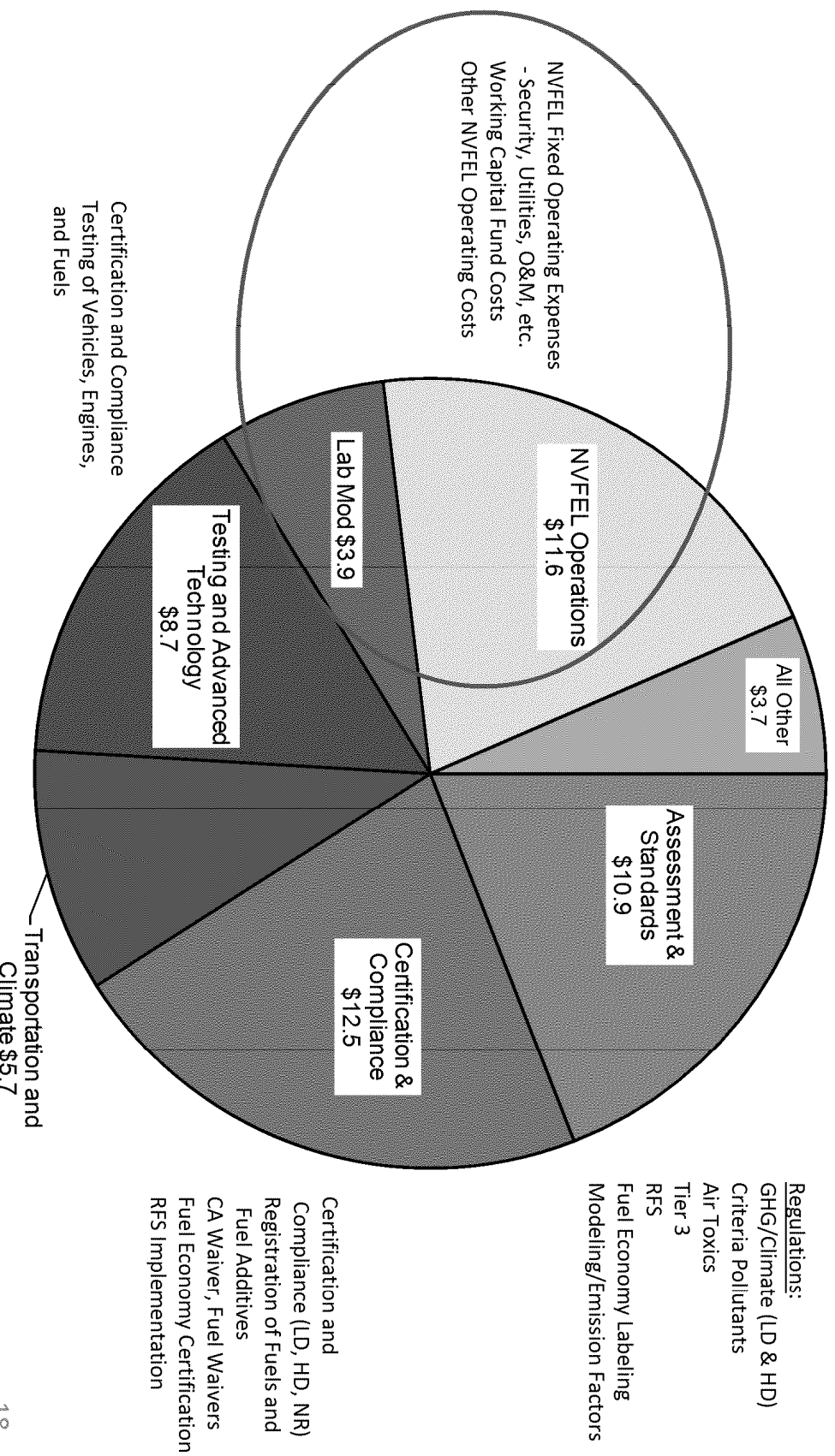
What is different?

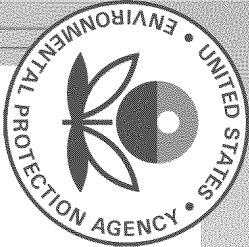
- Require involvement from Division Directors; final measures included in each Director's Executive Performance Agreement
- Provide greater flexibility in the scope and development of Division's measures
- Apply a more standardized reporting format that will be used across OTAQ
- Increase information sharing across Divisions' management
- Launch Preparations June 2014
- Begin Implementation October 2014

FY 2014 OTAQ Funding

Total Funding = \$56.8M
Contract \$ (in millions)

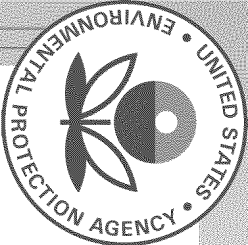
NVFEL's fixed costs amplify across-the-board Office cuts





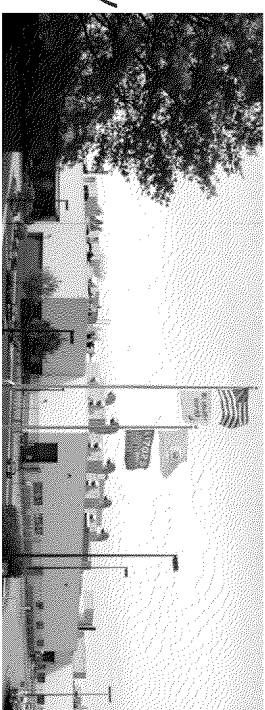
National Vehicle and Fuel Emissions Laboratory

“EPA’s Crown Jewel”

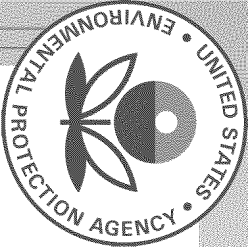


History of OTAQ's Lab

National Vehicle and Fuel Emissions Laboratory



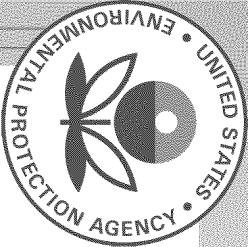
- Established in 1971, the Lab's original mission was to certify that new cars, light trucks and heavy-duty engines met emissions and fuel economy standards
- Since its founding, the lab has been at the forefront of cleaner & more efficient automotive technologies
- Every major automaker has located their emissions lab near NVFEL
- Today the NVFEL campus has ~300 federal employees
 - Staff are highly educated: Nearly 40% have MS, PhD, JD
 - Specialties: engineering, physical and health sciences, statistics, economics, law
 - Majority of OTAQ staff have 10+ years of EPA experience
 - Most OTAQ work performed in-house, not by contract
 - Exceptional talent and creativity, acknowledged by others



National Vehicle and Fuel Emissions Laboratory

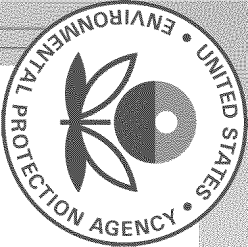
Unique facility among other Federal Labs

- NVFEL is the only Federal Laboratory that...
 - Tests vehicles & engines to ensure compliance with EPA's emissions standards
 - Tests vehicles to ensure compliance with CAFE fuel economy standards
 - Tests fuels to ensure compliance with EPA's standards
- NVFEL is the benchmark "gold standard" against which all other automotive emissions labs world-wide are measured
- NVFEL is a leading innovator ...in facilities management, quality management systems, and integrating safety and environmental management
- NVFEL leads the way in achieving third-party accreditation of its core processes, ensuring data quality, occupational safety & health, and environmental management
 - Certified ISO 17025, ISO 14001 (first EPA lab)



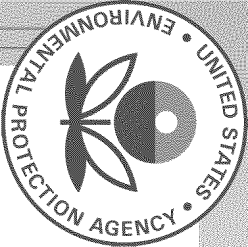
NVFEL Capabilities

- Conventional, hybrid, and battery vehicle testing
- Alternative fuel vehicle testing
- Heavy duty engine testing—on and off highway
- Small engine testing
- High temperature testing
- Cold temperature testing
- Evaporative emissions testing
- Heavy duty vehicle testing (under construction)
- Fuel and fuels chemistry testing of all kinds
- On road testing using portable emissions testing equipment



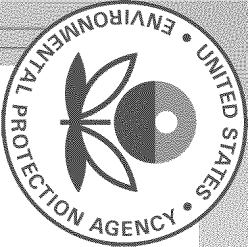
NVFEL leading in ... Safety and Health

- **Safety and Health Management System (SHMS)**
 - 1st EPA facility to implement Safety and Health management system
 - Proactive, systematic approach to managing potential and real safety hazards and risks
 - Agency's pilot program, self-certified in 2009; other 34 locations currently self-certifying in FY2014/15
 - Provide guidance and examples to rest of Agency
 - External audits conducted annually to review system for performance and efficiency
 - Conduct reviews of new or modified process
 - Ensures safety is present at the initiation of project
 - Eliminates rework costs for safety



NVFEL leading in ... Environmental Management

- Environmental Management System (EMS)
 - Oversight of NVFEL's environmental footprint – energy, water, fleet vehicles, waste, recycling, green procurement, green operations, etc
 - Agency required self-certification in 2006, NVFEL exceeded and received ISO 14001 registration in 2006. In 9th year of registration.
 - Annual registrar audits for performance and efficiency
 - Annual external audits; combined with SHMS to leverage resources
 - Provide guidance and examples to rest of Agency; participate on targeted work groups chaired by SHEMD
 - Member of Agency's EMS Executive Steering Committee
- Integrating EMS and SHMS
 - NVFEL started in 2008; SHEMD proposing for implementation in FY2015/16
 - Many common elements and resources; opportunities for efficiency



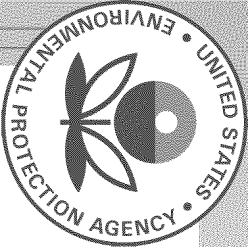
NVFEEL leading in ... Environmental Stewardship

■ Efficient Facility management

- Agency's first Energy Savings Performance Contract (1998-2022)
 - Reduced energy use by 50% and water use by 80%
 - Efficient lighting updates have reduced light energy demand by 61% in office areas & 54% in high bay areas

Annual Energy, Water and Pollution Reductions since 1998

- ✓ Electricity: 52% reduction
- ✓ Water: 81% reduction
- ✓ CO₂: 57% reduction
- ✓ SO₂: 53% reduction, from 203,000 to 97,000 pounds
- ✓ NOx: 54% reduction, from 74,000 to 35,000 pounds



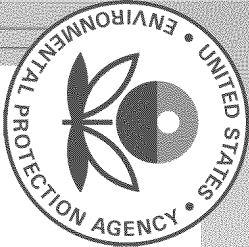
NVFEL leading in ... Quality

- NVFEL ensures data quality and integrity through:
 - External accreditation to ISO 17025:2005 for all core Compliance testing activities
(None of the regulated industry labs have NVFEL's breadth of quality accreditations)
 - NVFEL defines laboratory standards for the regulated industry w/ National Institute of Standards and Technology's "Standard Reference Materials" & custom references
 - A robust Quality Management System for all non-standard Compliance and Regulatory Development testing activities
 - Every Laboratory staff member trained annually ... ethics and scientific integrity
- NVFEL is recognized as a leader in correlation of automotive emissions testing
 - Industry lab testing correlations with major domestic and global automakers and engine manufacturers
 - Correlation and technical sharing with national emissions laboratories from other countries (China MEP, Canada EC, Japan NTSEL, CARB)
 - Fuel oversight and surveillance, w/ refiners correlation testing

NVFEL leading in ... Purchase Card Oversight

OTAQ formed a Purchase Card Oversight Team in 2006 to strengthen internal controls, ensure compliance with Agency Policy, and take corrective actions to remediate any identified vulnerabilities

- Perform monthly review of all purchases
 - Investigate transactions that merit further attention
 - Self declare errors to the Agency Purchase Card Team
 - Perform remedial training as needed
 - Recommend closure of PC for repeated infractions
 - The OTAQ PC Coordinator conducts an audit of each Purchase Card Holder (PCH) once every 2 years and more frequently if deficiencies are found
- Provides additional training opportunities for PCH and Approving Officials (AO)
 - Implemented Standard Operating Procedures (SOP)
 - Team's role communicated broadly across OTAQ
 - Developed tools for PCH and AO's
 - 2014 – OTAQ shared our best practices with HQ team



National Vehicle and Fuel Emissions Laboratory

Current and Future Activities

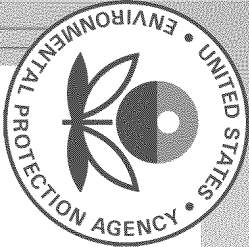
NVFEL's 5-yr modernization plan (history & background)

In 2007-2009, major new EPA programs were being implemented or new rules were in proposal without commensurate NVFEL testing investments that would ensure industry compliance to realize the public health and GHG benefits

- Renewable Fuels Standards
 - MSAT (mobile source air toxics rule)
- New Fuel Economy Label testing
 - Growth in Nonroad Engine Certification
- LD GHG 2012-2016 Implementation
 - HD GHG 2014-2018 Implementation

NVFEL had one (out of 5) vehicle cert sites that could test hybrids and renewable fuels, with key vulnerabilities:

- Unable to verify industry test data certifying vehicles using renewables comply with criteria standards
- Unable to verify industry test data certifying vehicles comply with air toxics standards (cold temperature test cycle)
- Unable to verify manufacturer fuel economy data for high temperature test cycle (A/C cycle)
- Unable to verify industry test data certifying new LHD & MHD vehicles comply with new greenhouse gas standards
- Unable to practically certify battery/PHEVs
- Unable to verify industry test data certifying nonroad engines comply with new criteria standards



Recent Upgrades to NVFEL

- **Expanded & Updated Fuel Distribution Facility**

New facility that provides the lab with safe distribution of more new testing fuels used in the Lab. Replaces 40 year old fuel bay.

- **Cold Temperature Test Facility for Light Duty and Med Duty Vehicles**

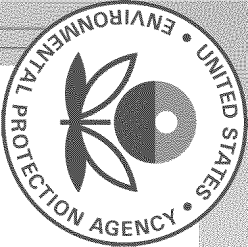
New facility to implement new air toxics requirements, assessment of P/M reductions for air toxics, and cold temperature fuel economy

- **Battery Test Facility: Electric Vehicle testing**

Will provide accurate and faster testing of Battery Electric Vehicles and Plug-in Hybrids

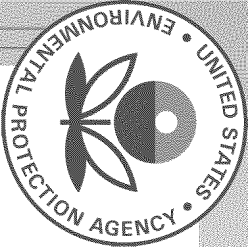
- **Two New Evaporative Test Sites**

These new testing sites provide the lab the ability to implement the current evaporative emissions standards tests on vehicles using different fuels.



Recent Upgrades to NVFEL

- **Renovated Small Engine Test Facility**
Update three sites to measure compliance with 2013 standards
- **Updated Chemistry and Fuels Laboratory**
To implement Renewable Fuels Standard
- **New High Temperature Test Facility**
To accurately measure fuel economy with air conditioning use
- **Renovated Vehicle sites for Hybrid 4WD Testing**
Provides better measurement of GHG/fuel economy on hybrids by measuring the hybrid's braking system's regenerative energy recovery.
- **New Heavy Duty Truck Chassis Test Cell (under construction)**
Provides testing for the whole HD truck (up to 80,000# "18-wheelers" and large buses), for both GHG-Phase 2 and for testing new HD technologies impact on NOx, PM and other pollutants



Upgrading Testing Processes ... *LEAN* ex: Laboratory Data Management & Methods

More capabilities, more capacities, AND more efficient testing
while improving data quality

This laboratory investment presented us with a unique opportunity to change the way we test

- Updated equipment adds automation – new equipment auto starts, auto cals, auto spans and saves FTE per site
- Improved process flows through the lab enhance safety and efficiency
- Modernize data management – improves quality control by eliminating unnecessary data handling which can induce errors
 - Virtual (all electronic) test packets to replace hand-carried paper envelopes
 - Site Readiness System logs & reports all scheduled and non-scheduled calibrations & maintenance
 - Fuel property data transfers automated to prevent errors (fewer hands touch the data)
- Modernize quality controls – reduces lost work
- Improve test equipment – for better quality, efficiency, & productivity
 - Robot driver for “Repeatable Car” quality testing of vehicle test sites
 - Automated PZEV SHED testing
 - Programmed soak for Cold CO FTP testing
 - PM filter auto weighting (robot)

B&F Planning

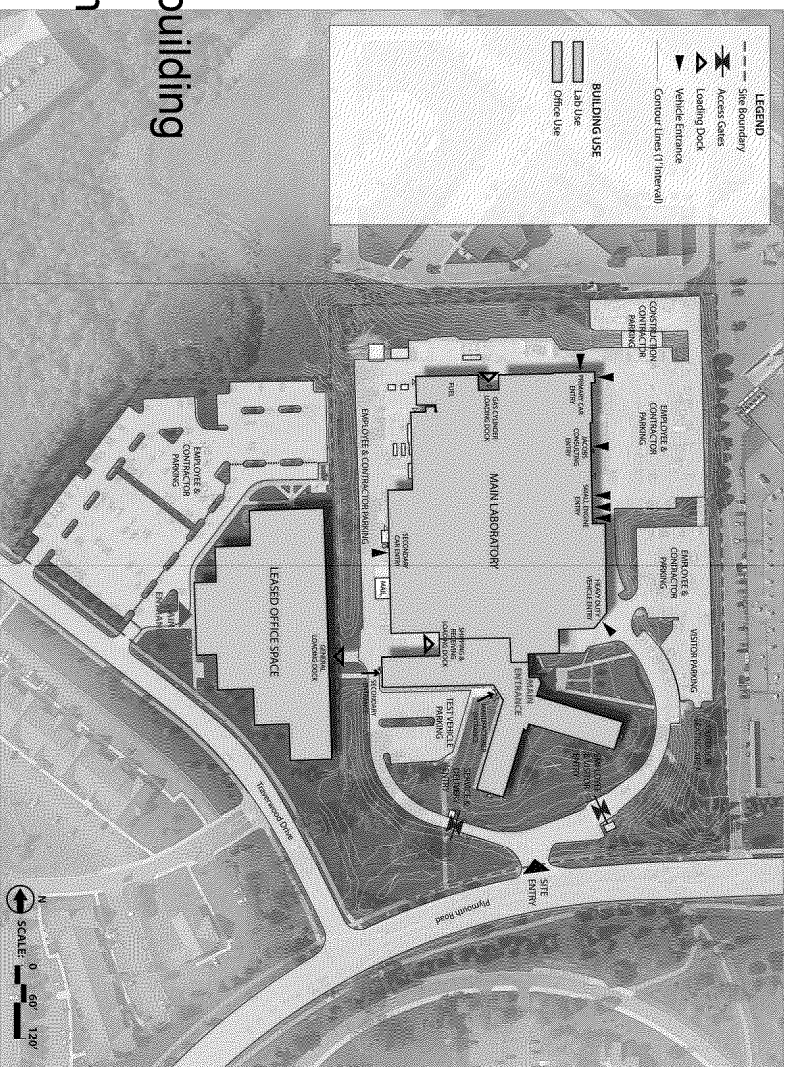
- B&F 5 year “look ahead” shows:
 - Class 4-6 MD truck chassis test site (renovate or expand)
 - Enhancing LD chassis sites, Tier 3 requirements & Road Speed Fans (space & electrical)
 - Fuel diversity (~12 new fuels for Tier 3 & LEV 3 cert, CNG, H₂, LPG, e⁻)
 - Changes to HD GHG/criteria engine cert ... powerpack vs. straight engine
 - Potentially (depending on final HD – GHG phase 2) a 2nd HD Truck site
- B&F for main building roof repairs, vehicle exhaust scrubbers, S&R expansion, increased electrical power (& aging switches, main disconnects, gray power service), exterior-parking resurfacing, fencing, access road
- OARM/FMSD has the Smith Group (also conducting EPA’s Lab Consolidation Study) performing an update to the NVFEL Master Planning exercise (looks up to 10 years out)
- Our Office Building’s lease expires in 2018

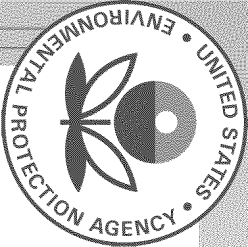
NVFEL Office Building & the A² Traverwood Office Lease

- 2001 Master Plan called for replacing the Lab Office Building's 100,200 & 600 wings
- Current GSA lease on Traverwood Office expires in 2018
- FMSD has Smith Group looking at options in Master Planning process, this is 16 months ahead of the usual schedule
- Current lease costs >\$2.5M/year, with alternatives(build, different lease, etc) estimated to save ~\$1M/yr over 30 yr life-cycle

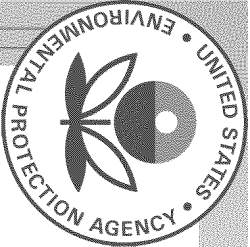
Risks to OAR:

- New leased space in non-adjacent building
- Higher fixed costs with consolidation



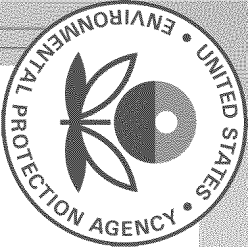


OTAQ's National Vehicle and Fuel Emissions Laboratory Current and Future Challenges



Context: TATD's Staffing Shortfall

- OTAQ can not use past practices and a “business as usual” approach for NVFEL’s future data and testing strategy
 - Increased compliance testing needs associated with implementing regulations (new FE Label, HD 2010’s part 1065 [small & large engines], RFS, MSATs, LD 2012-2017)
 - Agency expanded NVFEL w/ \$53M of additional facilities and equipment
 - **OMB briefing acknowledged budget and staffing required to operate (est. at 15-24 FTE additions for new sites)**
 - Since that time, other new programs include:
 - Reg. development testing for LD GHG 2017-2025 (MTE), HD GHG phase 2
 - Tier 3 compliance implementation
 - Increased resources for Agency’s data quality requirements (ISO17025)
- Current laboratory staffing is insufficient to operate the Lab’s currently installed capacity (attrition, hiring constraints, & OT/CT reduced from past BAU)



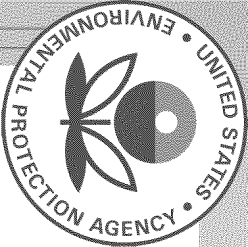
Reassignment of the Clean Automotive Technology program staff

Closeout of CAT Program announced February, 2012

- CAT employees offered opportunity to state preference for three potential placements: CD, TATD-testing, TATD\NCAT
- CAT reassignments announced March, 2012
 - 15 employees transferred to Compliance Division
 - 10 employees transferred to Compliance-Lab Testing in TATD
 - 8.8 retained in NCAT, currently working on MTE and HD-GHG2 support

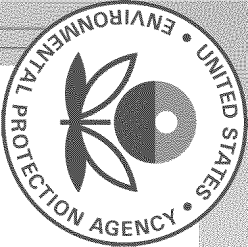
CAT transition has been successful

- Employees are happy in new jobs & providing CD & TATD with essential, mission critical work - timing almost ideal (just in a nick of time)
 - Aligned with new implementation / big increase in CD workload
 - LD and HD GHG implementation
 - Major expansion of NR regulatory implementation requirements
 - Major expansion in fuels implementation requirements resulting from EISA/RFS
- Geographic and skill mix issues still leaves CD with significant staffing needs
- We are engaged in a significant workforce planning effort for laboratory needs



Lab Estimated Future Staffing Levels

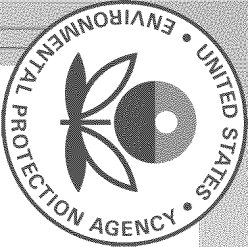
- We can confidently estimate staff required for added laboratory capacity
 - HRO Skills assessment (performed Feb '12) on current sites
 - Lab Workload Calculators – validated against current sites & HRO Skills assessment, extrapolated to include new sites
- Staffing analysis indicates need for an additional 20 FTE, above today's staffing level
 - Additions phased between now and FY16
 - Greatest need in work performed by lower graded job categories



Addressing the staffing shortfall

By necessity, we are stepping onto a slippery slope of previously self-defined inherently governmental work

- **Extend and add NVFEL staff**
 - Federal staff hiring, management and development
 - Increase emphasis on LEAN initiatives in lab processes (*described separate briefing*)
 - Increase management effort on under utilized staff (*being implemented*)
 - Use limited, strategic federal hires to fill critical Lab needs (*Agency downsizing restricts this option*)
 - Utilize Non-Federal options
 - Grantees – SEE and very limited ORISE in select situations
 - On-Site Contractors
- Continue, where necessary or appropriate, to contract testing to outside laboratories
- Where unavoidable, shut down portions of lab capacity – “lights out” in selected test cells



Workforce Hiring Cadence

Major Site Commissioning Activities

CTTF D006

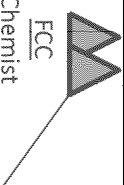
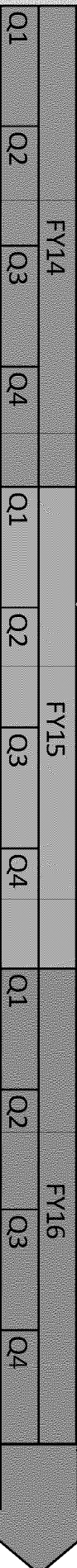
D005

D005

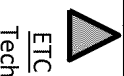
HTTF

HD Chassis

Mid-Range
Engine



FCC IO
Admin-Detail/hire



FCC IO
Admin

Planned Federal Hires



Add'l Staffing
needed to fully
use NVFEL
capacity



VTC/ATC
SEE1, SEE2



VTC/ATC
SEE3, SEE4



VTC/ATC
SEE5, SEE6



VTC/ATC
SEE7



ETC
SEE2



VTC/ATC
SEE8

Planned Non-Federal Hires

- **RISK** ... TATD's allocation of FTE won't keep pace w/ expected losses of critical fed staff
- Attrition - expecting 15 separations in next 3 yrs - all are critical backfills
- **RISK** ... Skill rebalance through strategic hires following separations is essential to plan

Hiring plan assumes single-shift operation of current and newly added sites



Workforce Plan: Expected Attrition

Major Site Commissioning Activities

CTTF D006

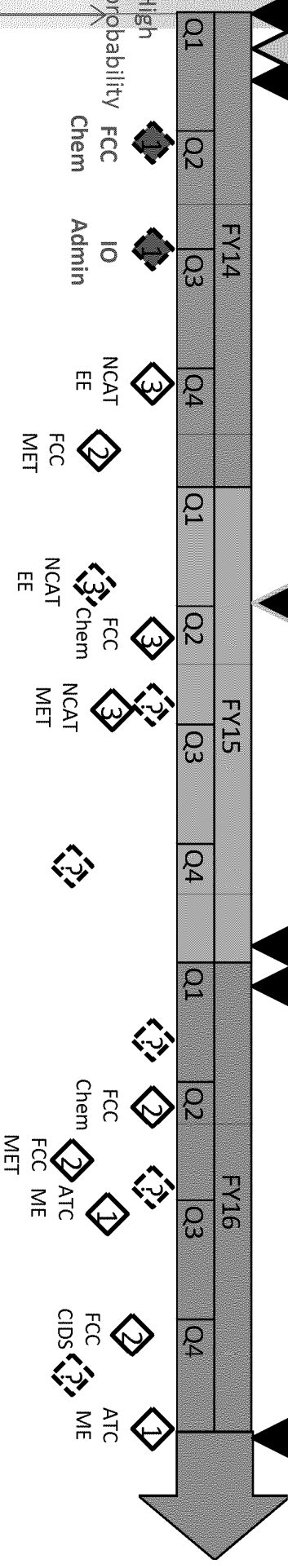
D005

D005

HTTF

HD Chassis

Mid-Range Engine



Expected Retirements/Separations (assumes no VERA)

Low probability

(1) Workforce expansion is mostly non-Fed

(2) Attrition enables skill rebalancing

Unplanned sep

Expected separations

RED = actual separation

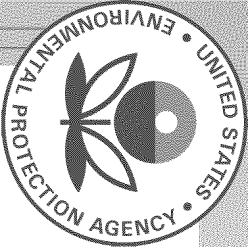
1-critical impact

2-moderate

3-low

?-unknown

Anticipated Separations: ~15
"Planned" Fed External Hires: 10
•TATD's federal hiring plan may not keep pace with anticipated losses of critical fed staff

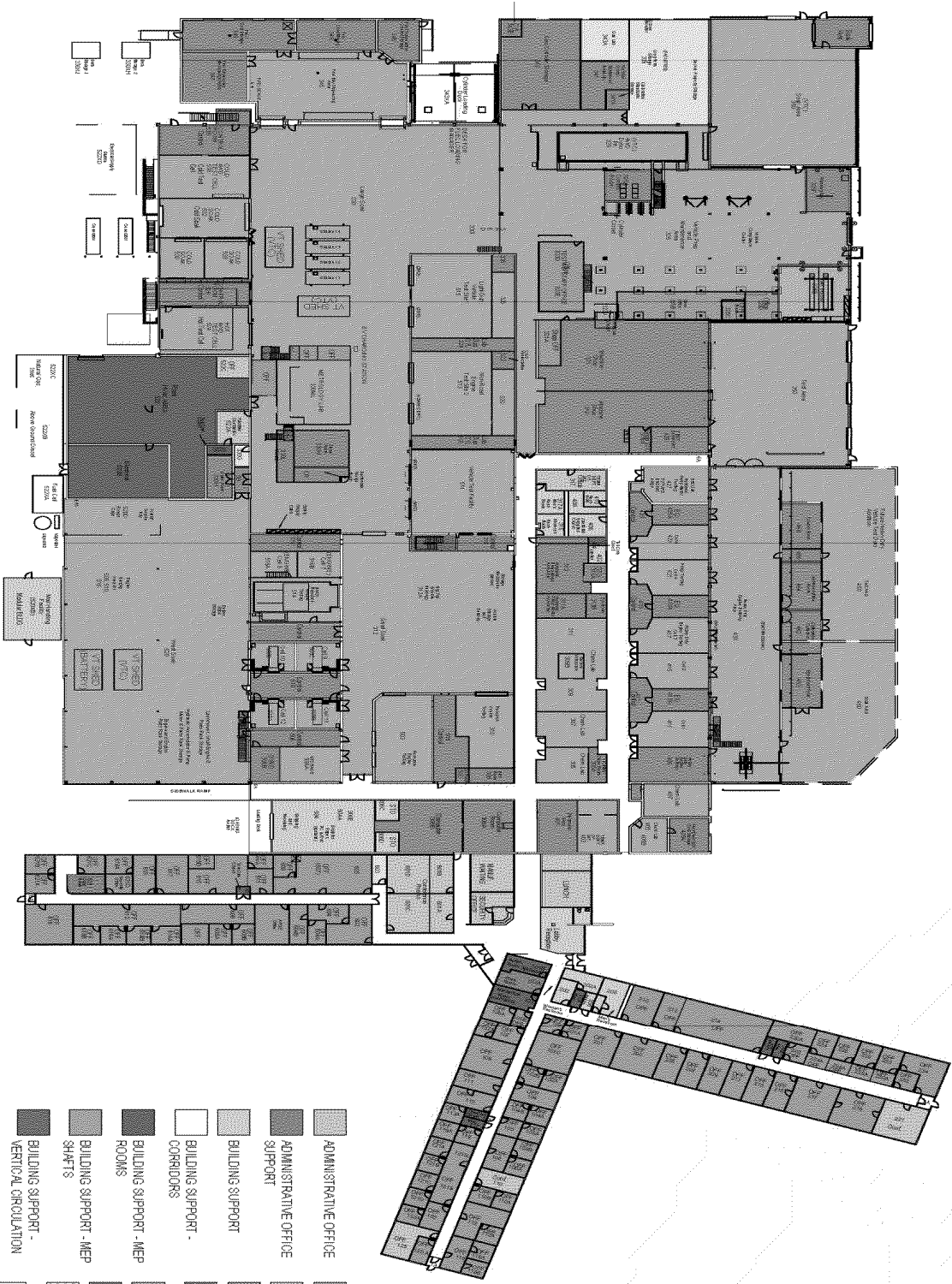


Helping our Fed workforce w/ non-Feds

- Begun modest increase in SEE staffing, offers extended to 4 new testing SEEs
- Introduced approach to local AFGF leadership
 - Creates opportunities for current Feds on Career Ladders
 - Increases job satisfaction for higher graded employees
 - Lab’s “zero sum” work load (e.g. oil changes, fuel filling, calibration monitoring, general cleanup) has lower graded work performed by higher graded employees
 - Results in job dissatisfaction and retention challenges
- Successful implementation relies on returning to the practice of managing our FTE to our ceiling



NVFEL Lab Tour - Building Organization



- ADMINISTRATIVE OFFICE
- ADMINISTRATIVE OFFICE - SUPPORT
- BUILDING SUPPORT
- BUILDING SUPPORT - CORRIDORS
- BUILDING SUPPORT - MEP ROOMS
- BUILDING SUPPORT - MEP SHAFTS
- BUILDING SUPPORT - VERTICAL CIRCULATION
- COLLABORATION
- LABORATORY
- LABORATORY CORE
- LABORATORY OFFICE
- LABORATORY RESEARCH MODELING (DRY LAB)
- LABORATORY STORAGE
- LABORATORY SUPPORT
- LABORATORY SUPPORT - EXTERIOR
- NON-LAB STORAGE

To: Utech, Dan G. **Ex. 6 - Personal Privacy**
Cc: McCabe, Janet [McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Fri 5/29/2015 3:53:58 PM
Subject: RE: quick question on rfs outreach

Absolutely

From: Utech, Dan G. **Ex. 6 - Personal Privacy**
Sent: Friday, May 29, 2015 11:51 AM
To: Grundler, Christopher
Cc: McCabe, Janet
Subject: RE: quick question on rfs outreach

If I provide contact info can someone reach out?

From: Grundler, Christopher [mailto:grundler.christopher@epa.gov]
Sent: Friday, May 29, 2015 11:50 AM
To: Utech, Dan G.
Cc: McCabe, Janet
Subject: Re: quick question on rfs outreach

These firms were not on our outreach list

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

734-214-4207 (Ann Arbor)

On May 29, 2015, at 11:46 AM, Utech, Dan G. **Ex. 6 - Personal Privacy** wrote:

I know API was on the list. Was Carlyle group or Delta (both in refiner category)

To: Utech, Dan G. **Ex. 6 - Personal Privacy**
Cc: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Fri 5/29/2015 3:50:06 PM
Subject: Re: quick question on rfs outreach

These firms were not on our outreach list

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On May 29, 2015, at 11:46 AM, Utech, Dan G. **Ex. 6 - Personal Privacy** wrote:

I know API was on the list. Was Carlyle group or Delta (both in refiner category)

To: Home[kerchris@comcast.net]
From: Grundler, Christopher
Sent: Mon 5/18/2015 12:01:40 AM
Subject: Fwd: RFS materials
[RFS Three year rule, Q&A set #1 \(primary\).docx](#)
[ATT00001.htm](#)
[Rollout Plan 3-year RVOs v5 \(no Q&A\).docx](#)
[ATT00002.htm](#)
[RFS Three year rule, Q&A set #2 \(supporting info\).docx](#)
[ATT00003.htm](#)

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>
Date: May 17, 2015 at 4:05:16 PM EDT
To: "Grunder, Christopher" <grundler.christopher@epa.gov>
Cc: "Birgfeld, Erin" <Erin.Birgfeld@epa.gov>
Subject: RFS materials

Chris --

I've done work on the RFS materials over the weekend. I just sent everything out to the team, including OGC, for review, but I wanted to draw your attention to a few items as things will get hectic this week.

I'm sending 3 documents:

1. Primary Q&As. This is the main thing you should review now, as they are what I consider to be the main Qs we will get during hearings, roll-out, meetings, etc. All the "anchor" themes you and I have been discussing are covered in the first 5-7 pages of this Q&A. See what you think.
2. Supporting Q&As. This will grow over time, and is really intended for the June hearing.

3. Current press release, press script, and roll-out plan (minus the Q&A). This hasn't changed much since you last saw it.

At some point soon, I'd imagine we will be asked to share this with the WH, USDA, etc so once you are done with it, we should aim to have Millett forward on to Janet.

thanks,

Ben

To: Bob Van Heuvelen[bob@vhstrategies.com]
From: Grundler, Christopher
Sent: Thur 5/7/2015 11:01:25 PM
Subject: Re: Argentine Biodiesel Imports and the RFS

Bob-

Thanks for following up. I have shared your information with my team and I promise we will take a careful look at this.

All the best,

Chris

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On May 7, 2015, at 6:18 PM, Bob Van Heuvelen <bob@vhstrategies.com> wrote:

Chris,

In our phone call you indicated that EPA's estimates of US imports of Argentine biodiesel were considerably lower than the numbers I mentioned. I charged our clients with coming up with the most reliable information. This is embodied in the attached memo. Recognizing the press reports yesterday that the proposed 3-year rule has been sent to OMB, I still wanted you to have this information in the event that OMB also challenges import data.

I know our clients would be happy to share more information. This is premised on USDA, traders' as well as Argentine export sources. Think we are pretty comfortable with the numbers set forth.

Call me if you have any questions.

Best,

Bob

--

Robert Van Heuvelen
Founder and CEO
VH Strategies, L.L.C.
500 New Jersey Avenue NW, Suite 800
Washington, D.C. 20001

bob@vhstrategies.com

202-534-4920 (main)

Ex. 6 - Personal Privacy

<Argentine Biodiesel and the RFS 5.7.15.pdf>

To: Bob Van Heuvelen[bob@vhstrategies.com]
From: Grundler, Christopher
Sent: Thur 2/26/2015 11:00:31 PM
Subject: RE: Letter concerning Argentine biodiesel imports and RFS RVOs for biodiesel

Bob: The following statement in the letter you sent is not true

“Also, Mr. Grundler intimated that the actual 2014 production volume would significantly guide

EPA in setting the 2014 RVOs, as well as future years’ RVOs”.

While I did say that for 2014 we have to face the fact that it has already happened, and we will need to take a look at what actually occurred, I did not remotely imply that this would be our approach for future years. I have no idea how Mr Plaza got that impression. If you are going to attribute things to me, I’d appreciate it if you would do some fact-checking first

C-

From: Bob Van Heuvelen [mailto:bob@vhstrategies.com]
Sent: Thursday, February 26, 2015 5:47 PM
To: Mccarthy, Gina
Cc: McCabe, Janet; Grundler, Christopher; Goffman, Joseph; Garbow, Avi; Atkinson, Emily
Subject: Letter concerning Argentine biodiesel imports and RFS RVOs for biodiesel

Dear Administrator McCarthy,

Attached please find a letter from John Plaza, President and CEO of Imperium Renewables, Inc., one of the largest independent producers of biodiesel in the country. The letter is regarding the 2014, 2015, and 2016 RVOs for biomass-based diesel and advanced biofuels under the Renewable Fuel Standard, as well as the recent approval of *Camara Argentina de Biocombustibles*’ (CARBIO) alternative renewable biomass tracking program. Please feel free to reach out if you have any questions.

Sincerely,

Bob

--

Robert Van Heuvelen

Founder and CEO
VH Strategies, L.L.C.
500 New Jersey Avenue NW, Suite 800

Washington, D.C. 20001
bob@vhstrategies.com

202-534-4920 (main)

Ex. 6 - Personal Privacy

To: Charlie Drevna[CDrevna@afpm.org]
From: Grundler, Christopher
Sent: Fri 2/20/2015 1:10:30 AM
Subject: Re: RINs

Greco carrying your water today

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Feb 19, 2015, at 7:57 PM, Charlie Drevna <CDrevna@afpm.org> wrote:

Have to start calling you Daniel. Was at same event about 5 years ago. Haven't been invited back since. Go figure.

Sent from my iPhone

Charles T. Drevna

President

American

Fuel & Petrochemical

Manufacturers

1667 K Street NW

Suite 700

Washington, DC 20006

202.457.0480 office

Ex. 6 - Personal Privacy

Cdrevna@afpm.org

Learn more about AFPM at afpm.org

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On Feb 19, 2015, at 7:54 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

I went into the lions den and came out alive. Got points for showing up, I think.

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Feb 19, 2015, at 3:35 PM, Charlie Drevna <CDrevna@afpm.org> wrote:

Chris,

I'm totally confused (no comment required). Bob Dinneen has stated on several occasions that RINs are FREE! Trust you are well.

Charlie

> OPIS: What has led EPA to repeatedly miss annual RFS target deadlines?

>

- > Grundler: You don't need to be an astute observer of policy to
- > understand that when the market hit the blendwall, things got a lot
- > tougher and more expensive to meet these volumes. And the RIN market
- > responded. I don't know why anyone was surprised by that. EPA
- > predicted that in an economics paper published a long time ago. We
- > weren't surprised, although it was a little bit earlier than expected.
- > But that of course provoked a lot of discussion in Washington about
- > the policy, and a lot of people expressing their shock and surprise that RIN
- > prices were going up as we approach the blendwall. None of us were.
- >

Charles T. Drevna

President

American

Fuel & Petrochemical

Manufacturers

1667 K Street NW

Suite 700

Washington, DC 20006

202.457.0480 office

Ex. 6 - Personal Privacy

Cdrevna@afpm.org

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To: Len Rand[lrand@xftech.com]
Cc: Thomas G. Stephens, P. E. [tomgstevens@gmail.com]
From: Grundler, Christopher
Sent: Tue 2/17/2015 9:47:35 PM
Subject: RE: Follow up

Thanks for following up. In fact, shortly after my call with Tom I got hit with a nasty flu bug that knocked me down, and sadly your correspondence got lost in the back up. I have now indeed shared your presentation with our fuel experts, and I am glad to know you are working with our registration team. Jim Caldwell knows more about our regs than anyone, and can advise you on what you need to do to comply. Byron Bunker (bunker.byron@epa.gov) is my executive in charge of this part of our business, and you should let him know if our process gets bogged down.

If you have policy ideas or issues, or if our existing regs are presenting a barrier to innovation, this is something that I would be interested in knowing about. The best way to address such barriers is to provide us with detailed comments to an upcoming rulemaking. Unfortunately, I don't have the time to meet with the many entrepreneurs who are active in this space, although I am so glad they are! Right now I am focused on getting the RFS program back on track, which should help everyone who is investing in this area.

Good luck,

Chris

From: Len Rand [mailto:lrand@xftech.com]
Sent: Tuesday, February 17, 2015 1:05 PM
To: Grundler, Christopher
Cc: Thomas G. Stephens, P. E.
Subject: Follow up

Chris-

I haven't heard back from you and am concerned that you may not have received the following email sent at the end of last month (or it's now so far down in your inbox that it is effectively lost. Please let me know if you have time and would be willing to meet while we are in DC next month.

Regards,

Len

Chris,

I understand you had a productive conversation with Tom Stephens, our board member, and requested an email describing additional detail about our company and the benefits of our technology and production processes.

As Tom told you, we are a startup that has developed a family of molecules that are an oxygenate and compatible with both gasoline and diesel fuels. Either application will reduce our dependence on oil, however, we have decided to focus on the diesel application for the following reasons:

- There is no other generally available oxygenate for diesel that does not adversely affect the properties of the base fuel (this is a quote from Dr. Robert McCormick at NREL based on his review of our test results and testing done at NREL)
- In early conversations, Jim Caldwell and his team provided us with insightful input and counsel suggesting the initial focus should be on diesel applications
- Our renewable fuel oxygenate offers a substantial reduction in diesel engine out emissions. This provides significant environmental benefits for both off road and older on road vehicle applications, as well as substantially reducing the load on aftertreatment systems for current on road vehicles
- Our product family is non-toxic and hydrophobic. A homologue to our molecule is an FDA approved food additive
- This innovative technology will open a new market for current biofuel producers and the agricultural community rather than being a replacement product which brings them little net benefit (our xF business model is technology licensing rather than plant construction and

operation)

I have attached a presentation which was given to the National Corn Growers Association about a month ago. This presentation will give you a more in depth review of the product and its production methodology which is purely a chemical process that produces no CO2 or other emissions.

We are currently working with Jim and his team and have a meeting scheduled in March to brief him on our progress and efforts toward achieving Part 79 Registration. The relationship has been a good one and we are not looking to bypass or shortcut the proper processes and procedures. However, we are always looking to familiarize as broad a group of people as possible with our company and product, especially those who can offer relevant advice and criticism. To that end, we would very much appreciate an opportunity to meet with you (and anyone else you may feel appropriate) to share more details about us, our product and our timeline. Our goal is to build a relationship and to get meaningful advice as well as critical comments (good and/or bad).

Many thanks for your time.

Sincerely,

Len

Len Rand

CEO



524 McKnight Ave NW

Albuquerque, NM 87102

www.xftechnologies.com

Office: 505-407-4202

Ex. 6 - Personal Privacy

To: Dan G. Utech[Dan_G._Utech@who.eop.gov]
From: Grundler, Christopher
Sent: Wed 1/28/2015 2:28:07 PM
Subject: CARBIO - Roll Out Doc 1-27-15 - FINAL_updated with new Q and A'sv2
CARBIO - Roll Out Doc 1-27-15 - FINAL_updated with new Q and A'sv2.docx
ATT00001.txt

Dan,
Here is background and Q and A on CARBIO. at 1030 I will have specific rebuttal points to NBB statements

**Notice of Approval of Alternate Biomass Tracking Program
for the Argentine Chamber of Biofuels (CARBIO)**

Desk Statement:

After an extensive review process, today EPA approved a plan submitted by a consortium of Argentinean renewable fuel producers (Camara Argentina de Biocombustibles, CARBIO) to demonstrate compliance with U.S. Renewable Fuel Standard (RFS) regulatory requirements. The plan satisfies one aspect of the RFS, which is that importers are required to keep records which demonstrate that the feedstocks used to produce the fuel come from qualified land. CARBIO's plan includes a robust tracking program that requires an independent third party to conduct an annual survey of the entire biofuel supply chain, from soybean production through intermediate processing, to biodiesel production. This approved plan enhances existing regulatory oversight requirements currently applied to qualifying renewable fuels being imported from Argentina.

Under the Renewable Fuels Standard (RFS) program, any foreign or domestic renewable fuel producer or renewable identification number generating importer may meet the recordkeeping requirements with an alternative biomass tracking program that has been approved by the EPA. CARBIO submitted their plan for an alternative renewable biomass tracking program on August 29, 2012.

More information may be found here:

<http://www.epa.gov/otaq/fuels/renewablefuels/notices.htm>

Additional Background:

In this petition approval, EPA is determining that the Alternate Biomass Tracking Program submitted by *Camara Argentina de Biocombustibles* (CARBIO) (also known as the Argentine Chamber of Biofuels) meets the record keeping requirements for renewable biomass in the renewable fuels program. This approval will remain in effect until such time as it is either revoked by EPA, or CARBIO informs EPA that it no longer wishes to implement the CARBIO Alternate Biomass Tracking Program.

Under the Renewable Fuels Standard (RFS) Program, renewable fuels are those fuels derived from renewable biomass, (including certain planted crops and waste materials) which are used as transportation fuel, home heating oil or jet fuel and achieve specified greenhouse gas emissions reductions as compared to conventional fossil fuels. There are record keeping requirements under the RFS program that are designed to ensure that renewable fuels in the RFS program are made only from renewable biomass, as that term is defined in the regulations (see 40 CFR 80.1401). Pursuant to the recordkeeping requirements (40 CFR 80.1454(h)), any foreign or domestic renewable fuel producer or RIN-generating importer may comply with an alternate renewable

biomass tracking requirement instead of the record keeping requirements in paragraphs (c)(1), (d), and (g) of § 80.1454. To comply with the alternate renewable biomass tracking requirement, a renewable fuel producer or importer must arrange to have an independent third party conduct a comprehensive program of annual compliance surveys, or participate in the funding of an organization which arranged to have an independent third party conduct a comprehensive program of annual compliance surveys, to be carried out with a survey plan which has been approved by EPA. The program must be designed to achieve at least the same level of quality assurance as the stand alone requirements.

On August 29, 2012, CARBIO submitted a plan to EPA pursuant to 40 CFR 80.1454(h)(6) for approval of an alternate biomass tracking program to fulfill the record keeping requirements of §80.1454. On January 27, 2015, based on a comprehensive review, EPA approved the CARBIO plan.

Key Messages:

- CARBIO is an association of soybean growers, warehouses, crushing mills, and biodiesel producers in Argentina.
- The CARBIO Alternate Biomass Tracking Program is designed and funded to arrange for an independent third party to implement the annual survey plan.
- The plan satisfies one aspect of the RFS, which is that importers are required to keep records which demonstrate that the feedstocks used to produce the fuel come from qualified land.
- CARBIO's plan includes a robust tracking program that requires an independent third party to conduct an annual survey of the entire biofuel supply chain, from soybean production through intermediate processing, to biodiesel production.
- CARBIO's plan uses compliance surveys to demonstrate that fuel produced by CARBIO's members qualifies for RIN generation because it is made from feedstock that is "renewable biomass" as that term is defined in EPA regulations (§80.1401).
- This approved plan enhances existing regulatory oversight requirements currently applied to qualifying renewable fuels being imported from Argentina.
- The plan is intended to ensure that qualifying fuel can be traced to pre-identified and pre-approved lands from which "renewable biomass" may be harvested consistent with regulatory definition of that term. The alternate biomass tracking program is a robust

program that covers the whole soybean biodiesel supply chain from soybean production through intermediate processing, to biodiesel production.

- CARBIO's method for tracking chain of custody relies on a product transfer document called a *cartas de porte*, or waybill that has been mandatory in Argentina since 1998. In addition CARBIO will use land cover data from satellite imagery to identify land that was cleared or cultivated prior December 19, 2007 and actively managed or fallow and nonforested on December 19, 2007.
- Today's approval allows the use of soybeans from a group of CARBIO member farms that have demonstrated that they all are qualifying lands. A biodiesel fuel importer then need only show that soybeans used to produce the imported fuel came from this aggregate system to comply with the RFS record keeping requirements.
- Any and all other necessary regulatory requirements also apply per the regulations
- EPA is noticing the public of this decision by posting the approval letter and EPA's decision document on the RFS notices webpage located at <http://www.epa.gov/otaq/fuels/renewablefuels/notices.htm>

Anticipated Questions

Q: Will allowing CARBIO to produce RINs lower RIN prices for American firms?

A: Importing renewable fuels and generating RINs is already allowable under current RFS regulations. The CARBIO program simply enhances oversight in Argentina to ensure that renewable fuel feedstocks are grown on qualified lands. Since RIN prices are influenced by a variety of market forces, including feedstock prices and other market factors and conditions, we cannot speculate on future pricing.

Q: How many RIN producers outside the US have been approved?

A: There are a number of importers that are approved. They all are required to register with EPA and comply with EPA RFS requirements as an importer and a RIN generator.

Q: Are U.S. producers subject to the same requirements for monitoring land use?

No. For agricultural products produced in this country there are no land use monitoring requirements. We have an aggregate compliance approach for U.S. products.

A: Will this negatively affect U.S. businesses?

1-27-2015

It is not for us to speculate on how individual businesses could be affected. In general, under the existing regulations, biofuels are already being imported from Argentina. The CARBIO plan, simply provides even more robust oversight to ensure that feedstock are coming from qualifying land.

Q: Why didn't the Agency seek comment on the CARBIO's alternate biomass tracking program before approving it?

A: The Agency received public comment on what constitutes an acceptable program as part of the original RFS regulations. Our action here simply means that we find the CARBIO plan in compliance with the regulations.

Additional Details / Response If Asked:

The regulations that created and define what an approvable alternate biomass tracking program must include were developed through an extensive notice and comment process with significant input from a wide range of stakeholders. Our action to approve the CARBIO proposal is purely a ministerial confirmation that the CARBIO proposal complies with those regulations and not an opportunity to change or adjust the underlying regulations based on notice and comment.

Q: Now that EPA has approved an alternate biomass tracking approach for Argentinean biodiesel, how will the Agency address the potential for the import of Argentinean biodiesel when determining the RFS standards?

A: The Agency accounts for imports and exports in setting the annual standards as a normal practice. .

Q: Why now and why did it take so long?

A: There are a number of factors that have influenced the timing for EPA's decision including the time that it took for CARBIO to address EPA's initial concerns with the proposal and for EPA to fully consider, evaluate and approve the proposal.

To: Utech, Dan G. [Ex. 6 - Personal Privacy]
Cc: McCabe, Janet [McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Wed 1/28/2015 2:17:04 PM
Subject: Re: NBB Statement on CARBIO

If 10:30 can work that would be my preference. Pls let me know what number is best

Sent from my iPhone

On Jan 28, 2015, at 8:53 AM, Utech, Dan G. [Ex. 6 - Personal Privacy] wrote:

Thanks Janet. Chris if you have a few minutes at 930 that would be perfect. 1030 would also work.

From: McCabe, Janet [mailto:McCabe.Janet@epa.gov]
Sent: Wednesday, January 28, 2015 8:51 AM
To: Utech, Dan G.
Cc: Grundler, Christopher
Subject: Re: NBB Statement on CARBIO

Of course, looping in Chris.

Sent from my iPhone

On Jan 28, 2015, at 7:42 AM, "Utech, Dan G." [Ex. 6 - Personal Privacy] wrote:

Can you send me whatever points you have or connect me with Chris? I need to return a couple of phone calls today and want to have the best info. Thanks.

From: McCabe, Janet [mailto:McCabe.Janet@epa.gov]
Sent: Wednesday, January 28, 2015 8:29 AM
To: Karla Thieman; Utech, Dan G.; Reynolds, Thomas; Purchia, Liz; Drinkard, Andrea; Millett, John
Subject: Fwd: NBB Statement on CARBIO

We'll make sure we can respond.

Sent from my iPhone

Begin forwarded message:

From: "Grundler, Christopher" <grundler.christopher@epa.gov>
Date: January 27, 2015 at 11:00:15 PM CST
To: "McCabe, Janet" <McCabe.Janet@epa.gov>
Subject: NBB Statement on CARBIO

This is pretty awful, even for NBB. Beyond the pale, really, and wrong. We will work with press Office to rebut the most scurrilous statements.

Sent from my iPhone

Begin forwarded message:

From: "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>
Date: January 27, 2015 at 4:16:52 PM EST
To: "Argyropoulos, Paul" <Argyropoulos.Paul@epa.gov>, "Bunker, Byron" <bunker.byron@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>
Cc: "Manners, Mary" <manners.mary@epa.gov>, "Machiele, Paul" <machiele.paul@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Sutton, Tia" <sutton.tia@epa.gov>
Subject: FW: U.S. Industry Blasts EPA Decision on Biodiesel Imports

FYI –

From: StClair, Christie
Sent: Tuesday, January 27, 2015 4:15 PM
To: Birgfeld, Erin
Subject: FW: U.S. Industry Blasts EPA Decision on Biodiesel Imports

WASHINGTON – The National Biodiesel Board on Tuesday sharply criticized a decision by the EPA to allow streamlined Argentinian biodiesel imports to the U.S. under the Renewable Fuel Standard (RFS).

“This decision poses a tremendous threat to U.S. industry and jobs, not to mention the overriding goal of the RFS of developing clean, homegrown renewable fuels,” said Anne Steckel, NBB’s vice president of federal affairs. “This is incredibly damaging, particularly in light of the continued delays in establishing RFS volumes. The Obama administration has effectively run the U.S. biodiesel industry into a ditch over the past year by failing to establish a functioning renewable fuels policy, and

instead of pulling the domestic industry out, it is fast-tracking foreign competition.”

“Not only does this threaten U.S. businesses and jobs, it could also undermine our sustainability goals aimed at preventing deforestation from the production of renewable fuels,” Steckel said. “It opens the floodgates for Argentinian biodiesel with very little oversight or verification that the resources used to make the fuel was grown in accordance with strict RFS sustainability requirements.”

To prevent deforestation and other harmful land-use changes, feedstocks used under the RFS generally must be grown on land that was cleared or cultivated prior to Dec. 18, 2007 – when the RFS was implemented. Typically, foreign producers must closely map and track each batch of feedstock used to produce imported renewable fuels.

EPA’s decision Tuesday allows Argentinian biodiesel producers to use a survey plan for certifying that feedstocks used – in this case soybean oil. The change – effectively leaving it to the foreign producer to pay an independent third party to survey their feedstock suppliers – is far less stringent than the current map and track requirement and more difficult to verify.

Many of the soybeans processed into soybean oil in Argentina come from Uruguay, Peru, Brazil, and other countries. Given the complex international trade involved, the EPA will have little ability to verify the survey plans proposed by Argentinian producers.

NBB estimates that up to 600 million gallons of Argentinian biodiesel could enter the U.S. as a result of the change. Argentina would be the first country to use a survey approach under the RFS. Canada and the U.S. operate under an aggregate approach in which feedstock is approved so long as the aggregate amount of agricultural land in each country does not grow.

Additionally, Argentina supports its domestic biodiesel program with a cost-distorting “Differential Export Tax” program that allows Argentinian biodiesel to undercut domestic prices. The EPA’s notice can be found [here on the agency’s website.](#)

“At a time when our U.S. industry needs a lifeline, it feels instead like we’re being pushed back under water,” Steckel said. “This decision simply makes no sense from an economic perspective, an energy security perspective or an environmental perspective. It is baffling.”

Biodiesel – made from a variety of resources including recycled cooking oil, plant oils such as soybean oil, and animal fats – is the first EPA-designated Advanced Biofuel to reach commercial-scale production nationwide. According to the EPA, biodiesel reduces greenhouse gas emissions by 57 percent to 86 percent compared with petroleum diesel. With plants in nearly every state in the country, the industry supports some 60,000 jobs.

The EPA is more than two years late in establishing volumes under the RFS after failing to establish a requirement for 2014 and 2015. The continued uncertainty under the policy has destabilized the industry, causing many U.S. production plants to stop production and lay off employees.

#

To: Edwards, Stratton
From: Grundler, Christopher
Sent: Wed 6/18/2014 10:07:44 PM
Subject: Re: Letter from Congressman Cole

Ex. 6 - Personal Privacy

Dear Mr. Edwards,

Thank you for forwarding the letter from Congressman Cole regarding a hardship petition for Wynnewood Refining Company. EPA recognizes the serious concerns of refiners like Wynnewood regarding the June 30, 2014 compliance deadline and on June 6, 2014 EPA acted to extend the compliance demonstration deadline in response to these concerns. The new deadline is September 30, 2014. This final rule was published on June 16 and is available on our web site at <http://www.gpo.gov/fdsys/pkg/FR-2014-06-16/pdf/2014-14019.pdf> We sent a separate notification of this change directly to our contact at Wynnewood Refining on June 6.

While extending this deadline is immediately helpful, we know that it is even more important that Wynnewood receive a decision on their RFS hardship request as soon as possible. We have shifted additional resources internally and are working with the Department of Energy (with whom we consult on all hardship requests) to reach a decision on all of the 2013 RFS hardship petitions as quickly as possible. We expect to issue a final decision within the next month.

Regards,

Chris Grundler

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. Environmental Protection Agency
202.564.1682 (DC)
734.214.4207 (Ann Arbor)
www.epa.gov/otaa

Mr. Grundler,

Please find an electronic copy of a letter mailed today concerning a request for a waiver under the RFS for the Wynnewood Refining Company, LLC. Please let me know if you have any questions.

Stratton Edwards

Stratton Edwards

Legislative Counsel

Office of Congressman Tom Cole

2458 Rayburn House Office Building

202-225-6165


To: Gerry Coons[gcoons@opei.org]
Cc: Shaffer, Patricia[Shaffer.Patricia@epa.gov]; Stewart, Gwen[Stewart.Gwen@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Kris Kiser[KKiser@opei.org]; Marla Popkin[MPopkin@opei.org]
From: Grundler, Christopher
Sent: Sat 5/3/2014 6:31:05 PM
Subject: Re: OPEI Annual Meeting

Thanks Gerry,

I will see what my schedule allows, and agree the additional time would provide me a great opportunity to learn more about the industry. I have to tell you tho that your meeting is at the same time we will be trying to finalize the 2014 RFS standards,so my schedule is likely to be extremely tight (unless we manage to get the standards done early...)

Chris

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. Environmental Protection Agency
202.564.1682 (DC)
734.214.4207 (Ann Arbor)
www.epa.gov/otaq



Dear Mr. Grundler,

We would like to provide you with opportunities to engage with OPEI Board members during your attendance at the OPEI annual meeting. We believe it would be beneficial for you and for our board members to make available these opportunities for informal conversations during these meetings.

We would like to extend an invitation to you for the following:

The OPEI Board meets on Tuesday, June 17. We would like to invite you to join the board at 11:45 for introductions and then join them for lunch from 12:00 – 1:00.

The OPEI Annual Meeting Opening Reception will be held on Tuesday evening. We would like to invite you to our Opening Reception.

A dinner will be held on Wednesday evening. We would like to invite you to join us for dinner and the additional opportunity to engage with OPEI members in a casual setting.

We realize this extends the time commitment for you, as you are speaking on Thursday. We believe the annual meeting presents unique opportunities for engagement with industry leaders that will be of value for all.

We hope that you are able to arrange your schedule to participate in some or all of these opportunities.

Please contact us with any questions you may have.

Thank You,

Gerry

Gerry Coons

VP Industry Affairs

OPEI

341 South Patrick Street

Alexandria, VA 22314

Office - 703-549-7600

Cell **Ex. 6 - Personal Privacy**